



Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023

Table of Contents

Unaudited consolidated interim statements of financial position	1
Unaudited consolidated interim statements of operations and comprehensive income (loss)	2
Unaudited consolidated interim statements of changes in shareholders' equity	3
Unaudited consolidated interim statements of cash flows.....	4
Notes to the unaudited condensed consolidated interim financial statements	5-16

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Financial Position
In thousands of Canadian dollars as at

	<u>Notes</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Assets			
Current assets			
Cash		34,150	36,863
Accounts receivable	5	132,180	164,499
Inventories	6	196,353	182,456
Derivatives	13	2,852	3,707
Prepaid expenses and other current assets		4,217	5,335
Income taxes recoverable		5,339	-
		<u>375,091</u>	<u>392,860</u>
Non-current assets			
Property, plant and equipment		105,307	106,903
Goodwill	3	278,003	274,411
Intangible assets	3	369,542	366,521
Deferred income tax		3,919	2,879
Total assets		<u>1,131,862</u>	<u>1,143,574</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		109,114	135,520
Income taxes payable		1,353	2,263
Current portion of other long-term liabilities	3	5,490	7,546
		<u>115,957</u>	<u>145,329</u>
Long-term liabilities			
Long-term debt	7	340,285	325,000
Post-retirement benefits		1,108	1,078
Deferred income tax		60,759	60,532
Redeemable preferred shares	4, 8	91,628	89,409
Other long-term liabilities	3	42,740	41,031
Total liabilities		<u>652,477</u>	<u>662,379</u>
Equity			
Share capital	9	312,941	312,593
Warrants	4, 10	14,705	14,705
Contributed surplus		20,784	19,089
Retained earnings		68,694	80,654
Accumulated other comprehensive income		17,886	11,892
Total shareholders' equity		<u>435,010</u>	<u>438,933</u>
Non-controlling interests	4	44,375	42,262
Total equity		<u>479,385</u>	<u>481,195</u>
Total liabilities and equity		<u>1,131,862</u>	<u>1,143,574</u>

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Approved on behalf of the Board:

Tania Clarke
Director

Tim Penner
Director

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
In thousands of Canadian dollars, except share and per share amounts

	<u>Notes</u>	<u>Three months ended March 31,</u>	
		<u>2024</u>	<u>2023</u>
Revenue	14, 15	128,038	136,725
Cost of sales		<u>85,253</u>	<u>88,209</u>
Gross profit		42,785	48,516
Selling, general and administrative expenses		39,558	32,392
Share-based compensation	11	<u>1,749</u>	<u>1,496</u>
Earnings from operations		1,478	14,628
Foreign exchange (gain) loss		(771)	163
Accretion on preferred shares	8	2,219	-
Interest expense and other financing costs	12	<u>4,873</u>	<u>6,302</u>
Earnings (loss) before income taxes		(4,843)	8,163
Provision for (recovery of) income taxes		<u>(1,124)</u>	<u>1,098</u>
Net earnings (loss)		(3,719)	7,065
Unrealized loss on amounts that may be reclassified to net earnings on cash flow hedges	13	(855)	(1,075)
Income tax recovery		<u>227</u>	<u>284</u>
Net of tax		(628)	(791)
Unrealized gain (loss) on amounts that may be reclassified to net earnings on translation of foreign operations		8,341	(256)
Total other comprehensive income (loss)		<u>7,713</u>	<u>(1,047)</u>
Comprehensive income		<u>3,994</u>	<u>6,018</u>
Net earnings (loss) attributable to:			
Shareholders		(4,113)	7,065
Non-controlling interests		<u>394</u>	<u>-</u>
		(3,719)	7,065
Comprehensive income attributable to:			
Shareholders		1,881	6,018
Non-controlling interests		<u>2,113</u>	<u>-</u>
		3,994	6,018
Earnings per share attributable to common shareholders:	18		
Basic, earnings (loss) per share		(0.09)	0.17
Diluted, earnings (loss) per share		(0.09)	0.17
Weighted average number of shares:	18		
Basic		41,479,861	41,775,989
Diluted		41,479,861	42,791,481

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Changes in Shareholders' Equity
In thousands of Canadian dollars

	Notes	Share capital	Warrants	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
As at December 31, 2023		312,593	14,705	19,089	80,654	11,892	438,933	42,262	481,195
Net loss for the period		-	-	-	(4,113)	-	(4,113)	394	(3,719)
Issuance of treasury shares	9	348	-	(38)	-	-	310	-	310
Common share dividend (\$0.19 per share)		-	-	-	(7,847)	-	(7,847)	-	(7,847)
Other comprehensive loss		-	-	-	-	(628)	(628)	-	(628)
Unrealized foreign currency gain on translation of foreign operations		-	-	-	-	6,622	6,622	1,719	8,341
Share-based compensation	11	-	-	1,733	-	-	1,733	-	1,733
As at March 31, 2024		312,941	14,705	20,784	68,694	17,886	435,010	44,375	479,385
		Share capital	Warrants	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
As at December 31, 2022		307,200	-	17,115	85,483	21,793	431,591	-	431,591
Net earnings for the period		-	-	-	7,065	-	7,065	-	7,065
Issuance of treasury shares	9	2,774	-	(1,643)	-	-	1,131	-	1,131
Common share dividend (\$0.17 per share)		-	-	-	(7,107)	-	(7,107)	-	(7,107)
Other comprehensive income		-	-	-	-	(791)	(791)	-	(791)
Unrealized foreign currency loss on translation of foreign operations		-	-	-	-	(256)	(256)	-	(256)
Share-based compensation	11	-	-	1,400	-	-	1,400	-	1,400
As at March 31, 2023		309,974	-	16,872	85,441	20,746	433,033	-	433,033

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Jamieson Wellness Inc.
Unaudited Consolidated Interim Statements of Cash Flows
In thousands of Canadian dollars

Cash provided by (used in)	Notes	Three months ended March 31,	
		2024	2023
Operating activities			
Net earnings (loss)		(3,719)	7,065
Items not affecting cash			
Depreciation of property, plant, and equipment and right-of-use assets		3,516	3,467
Amortization of intangible assets		1,384	1,374
Deferred income taxes		(586)	(202)
Accretion on redeemable preferred shares	4, 8	2,219	-
Share-based compensation	11	1,733	1,400
Others		100	(35)
Net change in non-cash working capital	16	(11,938)	(5,136)
		(7,291)	7,933
Investing activities			
Additions to property, plant and equipment, net		(1,394)	(2,206)
Acquisition of intangible assets		(44)	(102)
		(1,438)	(2,308)
Financing activities			
Proceeds from credit facilities	7	25,753	13,230
Repayment to credit facilities	7	(10,468)	(21,760)
Payment of lease liabilities		(1,399)	(1,066)
Exercise of stock options and ESPP	9	310	1,131
Dividends to common shareholders		(7,847)	(7,107)
Repurchase of common shares		(949)	-
		5,400	(15,572)
Effect of foreign currency translation on cash		616	-
Decrease in cash		(2,713)	(9,947)
Cash - Beginning of the period		36,863	26,240
Cash - End of the period		34,150	16,293
Supplemental disclosure			
Amount of income taxes paid		5,819	7,655
Amount of interest paid		5,029	6,252

(see the accompanying notes to the unaudited condensed consolidated interim financial statements)

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

1. Company overview

1.1 Description of the business and consolidated financial statements

Jamieson Wellness Inc. (“Jamieson” or the “Company”) is a Canadian public company with common shares (“Common Shares”) listed on the Toronto Stock Exchange under the stock symbol “JWEL”.

The unaudited condensed consolidated interim financial statements of Jamieson and its subsidiaries for the three months ended March 31, 2024 (the “Interim Financial Statements”) were authorized for issue by the Board of Directors of the Company on May 8, 2024. Jamieson is a company continued under the *Business Corporations Act* (Ontario) and resident in Canada. Jamieson’s registered office is located at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, ON, M5K 1E6.

The Company has manufacturing facilities located in Windsor, Ontario, Toronto, Ontario and Irvine, California and is principally engaged in the manufacturing, development, distribution, sales and marketing of branded and customer branded health products for humans including vitamins, herbal and mineral nutritional supplements.

1.2 Subsidiaries

The table below provides a summary of the Company’s subsidiaries. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of common shares, which are held directly or indirectly by the Company.

As at Entity	March 31, 2024 %	December 31, 2023 %	Principal Place of Operations
Jamieson Laboratories Ltd.	100.0	100.0	Canada
International Nutrient Technologies Limited	100.0	100.0	Canada
Body Plus Nutritional Products Inc.	100.0	100.0	Canada
Jamieson Health Products Australia Pty Ltd.	100.0	100.0	Australia
Nutrawise UK Ltd.	100.0	100.0	United Kingdom
Jamieson Health Products UK Ltd.	100.0	100.0	United Kingdom
Jamieson Health Products USA Ltd.	100.0	100.0	United States of America
Nutrawise Health & Beauty LLC	100.0	100.0	United States of America
Jamieson Health Products Netherlands B.V.	100.0	100.0	Netherlands
Nutrawise Japan GK	100.0	100.0	Japan
Jamieson Health Products (Cayman Islands) Limit	66.7	66.7	Cayman Islands
Jamieson Health Products (Hong Kong) Limited	66.7	66.7	China
Jamieson Health Products (Shanghai) Co., Ltd.	66.7	66.7	China
Jamieson Health Products (Hong Kong) Trading Li	66.7	66.7	China

2. Summary of accounting policies

2.1 Basis of preparation and statement of compliance

The Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 (the “Annual Financial Statements”). The Interim Financial Statements have been prepared using the same accounting policies as disclosed in the Annual Financial Statements.

Several amendments apply for the first time in 2024, but do not have an impact on the Interim Financial Statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

The Interim Financial Statements are presented in Canadian dollars and all values are rounded to the nearest thousand (\$000), except share and per share amounts and when otherwise indicated. Certain supplementary information in U.S. dollars is rounded to the nearest thousand where applicable.

3. Business combinations

3.1 Acquisition of former distribution partner in China

On April 28, 2023, the Company completed its acquisition of the operating assets from its former distribution partner in China for a total cash consideration of \$25,823, before post-closing cash adjustments. The acquisition allows the Company to directly operate its sales, marketing and distribution activities in China, and marks a step forward in the Company's brand expansion plans in China.

The following table provides a reconciliation of measurement period adjustments to the purchase price allocation of the net assets acquired at their fair value amounts:

	Estimated fair value as at April 28, 2023
	\$
Inventories	13,697
Customer relationships	8,900
Goodwill	4,867
Deferred tax liability	(1,641)
Total net assets acquired	25,823

The intangible assets acquired include customer relationships, which are amortized over approximately 15 years and expensed through the unaudited consolidated interim statements of operations and comprehensive income (loss) on a straight-line basis over the estimated useful life.

The estimated goodwill represents the future economic benefit arising from other assets acquired in the acquisition that are not individually identifiable and separately recognized. The estimated goodwill arising from the acquisition of \$4,867 is attributable to expected future income and cash-flow projections and synergies the Company expects to achieve in leveraging its platform. Certain intangible assets and goodwill are not expected to be deductible for tax purposes.

3.2 Acquisition related adjustments

As at March 31, 2024, the contingent consideration with respect to the Nutrawise Health & Beauty Corporation ("Nutrawise" or "youthery") acquisition was valued at \$23,171. The contingent consideration was classified as \$678 in the current portion of other long-term liabilities and \$22,493 in other long-term liabilities in the Company's unaudited consolidated interim statements of financial position. As at December 31, 2023, the contingent consideration with respect to the Nutrawise acquisition was valued at \$22,623. The contingent consideration was classified as \$2,778 in the current portion of other long-term liabilities and \$19,845 in other long-term liabilities in the Company's consolidated statements of financial position.

The fair value of contingent consideration is estimated using a Monte-Carlo simulation model. The simulation is revaluated at the end of each reporting period and any changes in fair value are recognized in the consolidated statements of operations and comprehensive income. The fair value for the contingent consideration is an estimate requiring judgment and subject to fluctuations in key assumptions, including EBITDA forecasts until 2025, weighted average cost of capital of 12.8%, risk-free-rate of 4.7%, volatility of 40.0%, and earn-out payment discount rate of 7.9%.

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

4. China Operations Strategic Partnership

On May 16, 2023, the Company completed its strategic partnership with DCP Capital (“DCP”) in respect of the Company’s operations in China. The transaction involved DCP’s contribution of \$47,096 (USD \$35,000) in capital in exchange for a 33% minority interest in Jamieson Health Products (Cayman Islands) Limited (“Jamieson-DCP Partnership”), which in turn holds Jamieson Health Products (Shanghai) Co., Ltd., Jamieson Health Products (Hong Kong) Trading Limited, and Jamieson Health Products (Hong Kong) Limited (together with Jamieson-DCP Partnership, “China Operations”), less transaction costs of \$2,682.

The Jamieson-DCP Partnership is subject to an exit mechanism for DCP and various termination clauses. Exit mechanisms may include a sale to Jamieson or third party, a public offering or a mutually agreed upon termination of the agreement. Between the fourth and fifth anniversary of the Jamieson-DCP Partnership agreement (which period is subject to delay in specified circumstances), the Company has the right, but not the obligation, to repurchase DCP’s 33% minority interest at a pre-determined multiple of net revenues of the China Operations (less net debt). If the Company does not execute its right to repurchase the 33% minority interest by the fifth anniversary of the Jamieson-DCP Partnership agreement, a USD \$10,000 charge is due to DCP. DCP also has the right to negotiate and execute an exit event including the potential sale of the entire Jamieson-DCP Partnership to a third party. The Company has a right of first refusal should DCP propose a sale of its shares in the Jamieson-DCP Partnership.

The Company’s right to purchase DCP’s 33% minority interest in the Jamieson-DCP Partnership at a pre-determined multiple of net revenues represents a call option whose value will be driven by the difference, if any, between the fair value of DCP’s interest in the China Operations compared to the pre-determined net revenue multiple calculation. The Company will assess the fair value of the call option at each reporting period and has determined the fair values to be \$nil at inception and as at March 31, 2024.

The Company has determined that the USD \$10,000 potential charge for not executing its right to repurchase the 33% minority interest is not a present obligation for the Company, therefore not recognized in the Interim Financial Statements.

In conjunction with DCP’s \$47,096 investment in the Company’s China Operations on May 16, 2023, DCP also completed its subscription for certain preferred shares and warrants of the Company. Please refer to Note 8 for details of the preferred shares and Note 10 for details of the warrants.

5. Accounts receivable

As at	March 31, 2024	December 31, 2023
	\$	\$
Trade	131,841	163,917
Other miscellaneous receivables	458	701
Allowance for expected credit losses	(119)	(119)
	132,180	164,499

The Company maintains an allowance for expected credit losses that represents its estimate of uncollectible amounts based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

6. Inventories

As at	March 31, 2024	December 31, 2023
	\$	\$
Raw material and packaging	96,584	92,026
Bulk product and work in process	23,168	21,384
Packaged finished goods	81,974	73,781
Inventory provision	(5,373)	(4,735)
	<u>196,353</u>	<u>182,456</u>

An inventory provision is estimated by management based on historical sales, inventory aging and expiry, and expected future sales and is included in cost of sales. Subsequent changes to the provision are recorded in cost of sales in the unaudited consolidated interim statements of operations and comprehensive income (loss).

7. Long-term debt

On July 19, 2022, Jamieson Laboratories Ltd. (“JLL”) amended and restated its credit agreement to add Nutrawise Health & Beauty LLC as a Borrower and to provide a secured revolving facility of \$500,000, plus an expanded accordion feature of up to \$250,000 (collectively, the “Credit Facilities”), with an extended maturity to July 19, 2027.

The table below illustrates the drawings and repayments applied against the Credit Facilities.

	Three months ended March 31,	
	2024	2023
	\$	\$
<u>Credit Facilities</u>		
Drawings	25,753	13,230
Repayments	(10,468)	(21,760)
	<u>15,285</u>	<u>(8,530)</u>

For the three months ended March 31, 2024, the weighted average interest rate on the Credit Facilities was 5.6% (2023 – 6.1%) and is composed of variable rates. A portion of the Credit Facilities outstanding is fixed through the interest rate swap (refer to Note 13).

The Credit Facilities are collateralized by security agreements and first charges over the assets including property, plant and equipment and intellectual property of the Borrowers and certain other subsidiaries of JLL, subject to permitted liens.

Under the terms of the Credit Facilities, the Borrowers are subject to restrictive covenants and must maintain an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio not greater than 4.50:1.00.

The Borrowers are in compliance with all covenants as at the date of the Interim Financial Statements.

Jamieson Wellness Inc.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

8. Preferred shares

	Preferred shares
	\$
As at December 31, 2023	89,409
Accretion expense	2,219
As at March 31, 2024	91,628

In conjunction with DCP's \$47,096 investment in the Company's China Operations on May 16, 2023, DCP also completed its subscription for 2,527,121 Series A Preference Shares of the Company ("Preferred Shares") and 2,527,121 warrants ("Warrants") (refer to Note 10) to purchase common shares of the Company for proceeds of \$101,565 (US\$75,000). The Preferred Shares carry a nominal annual dividend of \$0.01 per share and are redeemable at \$101,565 by DCP between May 15, 2025 and May 15, 2028, representing the second and fifth anniversary from the completion of the agreement.

The Company estimated the fair value of the Preferred Shares by fair valuing the warrants first and assigned the residual value to the Preferred Shares. The Preferred Shares accrete at approximately 9.6% for two years to its redeemable value of \$101,565 as at May 15, 2025. The Preferred Shares accretion expense is \$2,219 for the three months ended March 31, 2024.

9. Common shares

	Common Shares	
	#	\$
As at December 31, 2023	41,551,485	312,593
Exercise of share-based awards	4,933	211
Employee stock purchase plan	28,242	137
Repurchase of shares	(150,200)	-
As at March 31, 2024	41,434,460	312,941

As at March 31, 2024 and 2023, the authorized share capital consisted of:

- a) Unlimited number of Common Shares. The holders of Common Shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.
- b) Unlimited number of Preference Shares, issuable in series.

Normal Course Issuer Bid

On November 3, 2023, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to make a normal course issuer bid ("NCIB"). The NCIB permits Jamieson to repurchase for cancellation, at its discretion, up to 4,165,201 common shares of the Company ("Common Shares") in accordance with the NCIB procedures of the TSX. Under the NCIB, Jamieson is entitled to repurchase up to 25,729 Common Shares through the TSX during each trading day (excluding any purchases made pursuant to the block purchase exception in accordance with TSX rules).

The NCIB commenced on November 7, 2023 and remains in effect until the earlier of November 6, 2024 and the date on which the Company has either acquired the maximum number of Common Shares permitted under the NCIB or otherwise decided not to make any further repurchases. Purchases under the NCIB are made by means of open market transactions through the facilities of the TSX and through alternative trading systems in Canada. The price paid by the Company for any such repurchased Common Shares is the market

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

price at the time of acquisition or such other price as a securities regulatory authority may permit. All Common Shares repurchased under the NCIB will be cancelled.

In connection with the NCIB, the Company also entered into an automatic share purchase plan (“ASPP”) with a designated broker, to allow for purchases of its Common Shares during certain pre-determined black-out periods, subject to certain parameters. The ASPP constitutes an “automatic securities purchase plan” under applicable Canadian securities laws, has been approved by the TSX and was implemented effective December 14, 2023.

During the year ended December 31, 2023, Jamieson purchased for cancellation 120,400 Common Shares under its ASPP program which were accrued for in fiscal 2023 and settled in fiscal 2024. During the three months ended March 31, 2024, 120,400 Common Shares purchased by Jamieson in 2023 under its ASPP program were settled. In addition, Jamieson purchased and cancelled another 29,800 Common Shares during the three months ended March 31, 2024. These shares were accrued for as at December 31, 2023 under the ASPP for an aggregate consideration of \$949 at an average price per Common Share of approximately \$31.85.

10. Warrants

The 2,527,121 Warrants are exercisable by DCP beginning May 15, 2025 and expire on May 15, 2028. The exercise price of the Warrants is \$40.19 per share representing a 10% premium to the 20-day volume weighted average common share price as of the signing of the subscription agreement on February 23, 2023.

At closing, the Warrants were fair valued at \$14,962, less transaction costs of \$257, and classified as equity in the unaudited consolidated interim statements of financial position.

The fair value of the Warrants was estimated using a Binomial tree model at the inception date. Key assumptions include the risk-free interest rate of 3.5%, volatility of 30.0%, and the expected dividend yield of 2.4%.

11. Share-based compensation

Senior employees and directors' plan

The Company has an equity-based compensation plan providing for the issuance of securities under which grants will be made by the Company. Under the long-term incentive plan, the Board of Directors, at its discretion may grant share options, restricted shares, restricted share units in the form of time-based restricted share units (“RSUs”), performance-based share units (“PSUs”), deferred share units (“DSUs”) and stock appreciation rights. The awards are settled in Common Shares with a cash settlement alternative available to the Company.

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

A summary of the status of the Company's outstanding share-based awards and changes during the three months ended March 31, 2024 and year ended December 31, 2023 is presented below:

	March 31, 2024				December 31, 2023			
	Options (number of shares)	PSUs (number of shares)	RSUs (number of shares)	DSUs (number of shares)	Options (number of shares)	PSUs (number of shares)	RSUs (number of shares)	DSUs (number of shares)
Outstanding awards, beginning of period	2,469,873	198,915	57,964	42,346	2,821,276	158,857	838	23,865
Granted	266,785	116,583	130,465	31,414	242,211	109,105	59,713	23,549
Exercised	(28,242)	(39,343)	-	-	(559,523)	(67,937)	(843)	(3,879)
Forfeited	(3,226)	(1,721)	(241)	-	(34,091)	(1,110)	(1,744)	(1,189)
Outstanding awards, end of period	2,705,190	274,434	188,188	73,760	2,469,873	198,915	57,964	42,346
Awards exercisable, end of period	2,147,549	-	-	43,602	1,758,290	-	-	21,339

The Company's share-based compensation expense for the three months ended March 31, 2024 is \$1,749 (2023 - \$1,496), of which \$1,733 (2023 - \$1,400) is classified as contributed surplus in the Company's unaudited consolidated interim statements of financial position and \$16 (2023 - \$96) is related to employment taxes paid on exercise of options.

12. Interest expense and other financing costs

	Three months ended March 31,	
	2024	2023
	\$	\$
Interest on debt and borrowings	4,643	6,044
Interest on lease liabilities	230	258
	4,873	6,302

13. Financial instruments and risk management activities

Financial instruments

Fair value measurement

The fair values and notional amounts of derivative financial instruments shown below are as at:

	March 31, 2024					December 31, 2023				
	Notional Amount	Notional Amount	Notional Amount	Fair Value		Notional Amount	Notional Amount	Notional Amount	Fair Value	
	\$CAD	\$USD	RMB	Asset \$	Liability \$	\$CAD	\$USD	RMB	Asset \$	Liability \$
Foreign currency forward contract designated as hedging instruments (forecast sales)	-	(19,000)	(211,000)	98	-	-	(7,000)	-	412	-
Interest rate swaps designated as hedging instruments	250,000	-	-	2,754	-	110,000	-	-	3,295	-
	250,000	(19,000)	(211,000)	2,852	-	110,000	(7,000)	-	3,707	-

On June 5, 2020, the Company entered into an interest rate swap with an effective date of October 1, 2020 to September 27, 2024 with a notional principal of \$140,000 and an annual amortization of \$10,000 on the first business day of each year. The notional principal of the interest rate swap is \$100,000 as at the end of this reporting period.

Jamieson Wellness Inc.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

On January 19, 2024, the Company entered into an interest rate swap with an effective date of February 1, 2024 to December 30, 2025 with a notional principal of \$150,000 which will increase to \$250,000 on October 1, 2024 and reduce to \$225,000 on January 1, 2025. The notional principal of the interest rate swap is \$250,000 as at the end of this reporting period. The interest rate swap is a derivative measured at fair value and meets hedge accounting requirements. The fair values of the derivative financial instruments and interest rate swaps have been classified as Level 2 in the fair value hierarchy.

The carrying values of financial assets and liabilities measured at amortized cost (excluding long-term debt) approximate their fair values due to their short-term nature.

The carrying values of the Preferred Shares and long-term debt as at March 31, 2024 and December 31, 2023 approximate their fair value. The fair values of the Company's Preferred Shares and long-term debt were estimated based on discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair values of the Preferred Shares and long-term debt have been classified as Level 2 in the fair value hierarchy.

The call option entered into as part of the China Operations (refer to Note 4) has been valued using the discounted cash flow approach and a methodology that incorporates similar recent market transactions and market multiples of comparable peer companies.

The fair values of the contingent consideration related to the Nutrawise acquisition (refer to Note 3) and the call option entered into as part of the China Operations (refer to Note 4) have been classified as Level 3 in the fair value hierarchy.

For the three months ended March 31, 2024, there were no transfers between levels.

Financial instrument risk management objectives and policies

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial instruments and policies for managing these risks are detailed below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk from its customers (primarily related to trade accounts receivable) in the normal course of business. The Company has adopted a policy of only dealing with creditworthy counterparties.

To mitigate this risk, the Company carries out regular credit evaluations and purchases credit insurance for international customers, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is also exposed to counterparty credit risk inherent in its financing activities, trade receivable insurance, foreign currency derivatives and interest rate derivatives. The Company has assessed these risks as minimal.

Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign

Jamieson Wellness Inc.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

exchange rates relates primarily from transactions in U.S. dollars such as a portion of trade accounts payable, trade accounts receivable and cash. Revenue from our China operations are primarily in Chinese Renminbi (“RMB”).

The Company uses foreign exchange forward contracts to manage foreign exchange transaction exposure in U.S. dollars and RMB. As at March 31, 2024, \$65,945 (December 31, 2023 - \$9,655) of anticipated foreign currency denominated sales have been hedged with underlying foreign exchange forward contracts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s accounts receivable and accounts payable are non-interest bearing. The Company’s exposure to the risk of changes in market interest rates arises from long-term debt obligations issued at fixed rates that create fair value interest rate risk and variable rate borrowings that create cash flow interest rate risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To further reduce the long-term interest rate exposure and gain predictability over future cash flows, the Company uses interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

With all other variables held constant, the sensitivity to a reasonably possible change in interest rates on floating rate borrowings of the Company would have the following impact to net earnings before taxes:

	Increase/decrease in basis points	Effect on earnings before tax
	+/-	\$
Three months ended March 31, 2024	100	232
Three months ended March 31, 2023	100	736

Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect net earnings, as the Company’s debt is carried at amortized cost and the carrying value does not change as interest rates change.

Commodity price risk

The Company is exposed to price risk related to purchases of certain commodities used as raw materials. The Company may use fixed price contracts with suppliers to mitigate commodity price risk. Concentration in any one raw material is not significant to the Company.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, various long-term debt agreements, obligations under its post-retirement benefits plan and lease commitments.

The Company manages its liquidity risk through continuous monitoring of its forecast and actual cash flows and through the management of its capital structure. The Company continually revises its available liquid resources as compared to the timing of the payment of liabilities to manage its liquidity risk.

Jamieson Wellness Inc.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

As at March 31, 2024, the Company had \$193,865 in cash and available revolving and swingline facilities.

The contractual undiscounted principal cash flows payable in respect of financial liabilities as at the date of these Interim Financial Statements, were as follows:

As at	March 31, 2024	December 31, 2023
	<u>\$</u>	<u>\$</u>
Amounts payable in more than 12 months	385,779	369,232
Amounts payable in less than 12 months	115,415	143,920
	<u>501,194</u>	<u>513,152</u>

Impact of global conflict

The continued risk surrounding the Eastern Europe and Middle East conflicts may have an adverse impact on the Company's business, financial condition, and results of operations. The Company does not conduct direct business operations in regions affected by these conflicts, however, the Company has a sales presence within the broader Eastern Europe and Middle East regions. At current, the Company has not had any measurable disruption to its supply of raw materials and ability to service its customers.

Over the past year, international markets have experienced heightened inflation and fluctuations in consumer sentiments. These challenges have notably affected the Company's international business operations, particularly in neighbouring Eastern European and Middle Eastern regions where the Company conducts business. The Company continues to monitor the environment to respond rapidly to the evolving economic landscape and to ensure the continued stability of its business.

Capital

The Company's objective is to maintain a cost-effective capital structure that supports its long-term growth strategy, supports the business and maximizes shareholder value. The Company typically uses leverage in its capital structure to reduce the cost of capital. The Company's goal is to maintain its primary credit ratios and leverage at levels that are designed to provide continued access to investment-grade credit pricing and terms.

The Company measures its credit profile using a number of metrics, some of which are non-IFRS measures, primarily cash, less long-term debt and bank indebtedness ("net cash (debt)") to earnings before interest, income taxes, depreciation, amortization, restructuring and other related costs and interest coverage. Additionally, the Company maintains a cash flow reserve to service obligations as they come due.

In addition to Credit Facilities, Preferred Shares and equity, the Company uses leases as additional sources of financing.

There have been no material changes to the Company's risk management activities since the inception of the Company's operations.

The Company is subject to capital requirements under the credit facility agreement, as described in Note 7.

14. Segment information

The Company has two reportable operating segments:

- The Jamieson Brands segment's principal activity is the manufacturing, distribution and marketing of branded natural health products including vitamins, minerals and supplements; and

Jamieson Wellness Inc.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

- The Strategic Partners segment's principal activity is providing contract manufacturing services to consumer health companies and retailers worldwide.

The Company's chief operating decision maker evaluates segment performance on the basis of earnings from operations, as reported to internal management, on a periodic basis.

Inter-segment revenues and expenses are eliminated upon consolidation and relate mainly to sales from the Strategic Partners segment to the Jamieson Brands segment.

	Three months ended March 31, 2024		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	115,348	12,690	128,038
Earnings from operations	1,320	158	1,478
Foreign exchange gain			(771)
Accretion on preferred shares			2,219
Interest expense and other financing costs			4,873
Recovery of income taxes			(1,124)
Net loss			(3,719)

	Three months ended March 31, 2023		
	Jamieson Brands	Strategic Partners	Total
	\$	\$	\$
Revenue	108,110	28,615	136,725
Earnings from operations	11,642	2,986	14,628
Foreign exchange loss			163
Interest expense and other financing costs			6,302
Provision for income taxes			1,098
Net earnings			7,065

Share-based compensation is allocated to the Jamieson Brands operating segment.

15. Revenue from contracts with customers

The following table sets forth the disaggregation of the Company's revenue from contracts with customers in the Jamieson Brands operating segment:

	Three months ended March 31,	
	2024	2023
	\$	\$
Domestic operations	60,866	71,355
U.S. operations	30,408	22,197
China operations	18,741	8,277
International operations	5,333	6,281
Total revenue from contracts with customers	115,348	108,110

Revenue from international operations and U.S. operations are primarily denominated in U.S. dollars. Revenue from China operations are primarily denominated in RMB. Both are subject to fluctuations in foreign exchange (refer to Note 13 - Financial instruments and risk management activities) on the conversion to

Jamieson Wellness Inc.
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

Canadian dollars. China operations transitioned from a third-party distribution partner to an owned-distribution model in the second quarter of 2023.

16. Net change in non-cash working capital

	Three months ended March 31,	
	2024	2023
	\$	\$
Accounts receivable	32,319	50,127
Inventories	(13,897)	(32,322)
Prepaid expenses and other current assets	1,116	(2,439)
Accounts payable and accrued liabilities	(25,227)	(14,110)
Taxes	(6,249)	(6,392)
Net change in non-cash working capital	(11,938)	(5,136)

17. Business seasonality

Interim period revenues and earnings historically reflect seasonality. As such, the operating results for any interim period are not necessarily indicative of full-year performance. The first quarter is typically the softest as retailers purchase for spring demand, while the fourth quarter has typically been the strongest primarily driven by the cold and flu season.

18. Earnings (loss) per share

Basic earnings (loss) per share amounts are calculated by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period, adjusted for the effects of potentially dilutive share options, PSUs, RSUs, DSUs and warrants. Diluted loss per share is calculated on a consistent basis as basic loss per share.

The following table sets forth the calculation of basic and diluted earnings per share:

	2024			2023		
	Net loss available to common shareholders	Weighted average number of shares	EPS \$	Net earnings available to common shareholders	Weighted average number of shares	EPS \$
<i>Basic</i>						
Continuing operations	(3,719)	41,479,861	(0.09)	7,065	41,775,989	0.17
<i>Diluted</i>						
Continuing operations	(3,719)	41,479,861	(0.09)	7,065	42,791,481	0.17